

Bill exempts certain small businesses from Federal Trade Commission's Red Flags Regulation

Washington, DC - Congressman John Adler (D-NJ) announced that the House of Representatives is expected to pass his bipartisan legislation tonight to help protect small businesses from overreaching federal regulations. The bill will exempt certain small businesses from the Federal Trade Commission's (FTC) burdensome Red Flags Regulation, which would force them to develop and implement an unnecessary identity theft program. Representatives Mike Simpson (R-ID) and Paul Broun (R-GA) are the Republican cosponsors.

"Small businesses are the backbone of New Jersey's economy," said Congressman Adler, a member of the House Financial Services committee. "During these tough economic times, the federal government should not be placing new burdensome regulations on these hard-working entrepreneurs. I am committed to helping small businesses thrive."

This bipartisan legislation amends the Fair Credit Reporting Act to provide for an exclusion from Red Flag Guidelines for health care practices and law and accounting firms with 20 or fewer employees. In addition, it would create a system where the FTC has some flexibility to waive implementation of the regulations for other industries.

"It is obvious that physicians and dentists are not creditors, and they should not be forced to spend hundreds of dollars to comply with this needless regulation. They don't require full payment at the time of service because they first bill the insurance company, then they bill the patient the remainder of the bill. This system should not be treated the same as a loan with a financial institution," said Congressman Simpson. "Health care is expensive enough; we don't need to create needless rules to increase costs even more."

"During these tough economic times, Congress should be assisting small businesses and health care providers instead of tying their hands with more costly bureaucratic red tape," said Congressman Paul Broun, M.D. "I want to thank Congressmen John Adler and Mike Simpson for working in a quick and bipartisan manner before the November 1st deadline to help small businesses avoid the burdensome red flag compliance rule at a time when they are trying to stay financially afloat."

Background:

The Federal Trade Commission went beyond the intent of Congress by considering non-financial services-related industries to be "creditors" under the FAIR and Accurate Credit Transactions Act of 2003. Their ruling would force thousands of small businesses to comply

with burdensome, expensive regulations by forcing them to develop and implement an identity theft program.

The bipartisan Adler/Simpson/Broun bill will exempt health care practices and law and accounting firms from the FTC's red flag guidelines. In addition, it would create a system where the FTC has some flexibility to waive implementation of the regulations for other industries. The House is expected to pass the bill this evening. If a bill to exempt small businesses is not signed into law, the regulation will go into effect on November 1.

Earlier today, Representatives Adler and Broun spoke on the House Floor in support of the legislations. Their remarks can be viewed [here](#) .